

North Dakota Small Business Corporation Income Tax Return

1999
FORM 60

Check ☐ **Calendar Year** January 1, 1999, to December 31, 1999

One: ☐ **Fiscal Year** beginning _____, 1999, and ending _____, _____

Please Use Mailing Label (if none, type or print)				Federal employer identification no.
Note: If information on label is not correct, please make corrections on the label.	Name			➤ _____
	Mailing address			Is this a farming or ranching corporation? ➤ Yes <input type="checkbox"/> No <input type="checkbox"/>
	City, State, Zip Code	Phone number	Is this a name change from prior year? If yes, prior name _____	
Date of incorporation	Check if extension attached ➤ <input type="checkbox"/>	Check if final return ➤ <input type="checkbox"/>	Business code (from federal ret.) ➤ _____	Check if amended return ➤ <input type="checkbox"/>

Income (loss) from trade or business

1	Shareholders' share of income/loss (Federal Form 1120S, Schedule K, lines 1 through 6)	1	_____
2	Section 179 Expense Deduction (Federal Form 1120S, Schedule K, line 8)	2	_____
3	Other deductions (Enter amount not subject to itemized deductions, Federal Form 1120S, Schedule K, line 10)	3	_____
4	Balance (Subtract lines 2 and 3 from line 1)	4	_____
5	Interest on state and local obligations (Excluding North Dakota obligations)	5	_____
6	Other additions (Attach worksheet - See instructions)	6	_____
7	Total additions (Add lines 5 and 6)	7	_____
8	Subtotal (Add lines 4 and 7)	8	_____
9	North Dakota domestic dividend exclusion (See instructions)	9	_____
10	Interest on U.S. obligations	10	_____
11	Allocable income less expenses (Attach worksheet - See instructions)	11	_____
12	Other subtractions (Attach worksheet - See instructions)	12	_____
13	Total subtractions (Add lines 9, 10, 11 and 12)	13	_____
14	North Dakota apportionable income (Subtract line 13 from line 8)	14	_____
15	Apportionment factor (Sch. B, line 14. Enter 1.000000 if income only within N.D.)	15	— . — — — — —
16	Income apportioned to North Dakota (line 14 multiplied line 15)	16	_____
17	North Dakota allocable income less expenses (Attach worksheet - See instructions)	17	_____
18	North Dakota adjusted income (Add lines 16 and 17. Distribute to shareholders on Schedule A, page 2)	18	_____

File With
Office of State
Tax Commissioner
600 E. Boulevard Ave.
Bismarck, ND 58505-0599

Complete this section if subject to federal income tax. Please see instructions.

19	Federal excess net passive income (See instructions)	(01)	19	_____
20	Federal taxable income from certain capital gains (See instructions)	(02)	20	_____
21	Federal net recognized built-in gains (Federal Form 1120S, Schedule D)	(03)	21	_____
22	Total income (Add lines 19, 20 and 21)		22	_____
23	Federal tax deduction (See instructions)	(04)	23	_____
24	North Dakota apportionable income (Subtract line 23 from line 22)		24	_____
25	Apportionment factor (Enter factor from line 15 above)	(05)	25	— . — — — — —
26	Income apportioned to North Dakota (Line 24 multiplied by line 25)		26	_____
27	North Dakota net operating loss deduction (Attach worksheet from page 2 of instructions)	(08)	27	_____
28	North Dakota taxable income (Subtract line 27 from line 26)	(09)	28	_____
29	Income Tax Due (See tax rate table below)	(06)	29	_____
30	Penalty and interest (See instructions)	(07)	30	_____
31	Payment Due (Add lines 29 and 30. Enter \$0 if less than \$5. Pay to North Dakota State Tax Commissioner)		31	_____

I declare under the penalties of North Dakota Century Code § 12.1-11-02, which provides for a Class A misdemeanor for making a false statement in a governmental matter, that this return, including any accompanying schedules and statements, has been examined by me and to the best of my knowledge and belief is true, correct, and complete.

Date	Signature of Officer	Title
Date	Signature of individual or firm preparing this return	Address

Tax Rate Table

If the amount on Line 28 is not over \$3,000	3%
\$ 3,000 to \$ 8,000	\$ 90.00 plus 4.5% of excess over \$ 3,000
\$ 8,000 to \$ 20,000	\$ 315.00 plus 6% of excess over \$ 8,000
\$ 20,000 to \$ 30,000	\$ 1,035.00 plus 7.5% of excess over \$ 20,000
\$ 30,000 to \$ 50,000	\$ 1,785.00 plus 9% of excess over \$ 30,000
Over \$50,000	\$ 3,585.00 plus 10.5% of excess over \$ 50,000

➤ ☐ Please Do Not Write In This Space

"Buy North Dakota Products"

➤ 28717

Schedule A: Distribution of income for North Dakota

Name and address of shareholder • If shareholder is nonresident of North Dakota check box • If additional lines are needed, attach schedule	Shareholder's social security number or federal employer ID number	Shareholder's distributive share %	Shareholder's distributive share of line 18, page 1
<input type="checkbox"/>			
<input type="checkbox"/>			
<input type="checkbox"/>			
<input type="checkbox"/>			
<input type="checkbox"/>			
<input type="checkbox"/>			
<input type="checkbox"/>			
<input type="checkbox"/>			
<input type="checkbox"/>			
<input type="checkbox"/>			
<input type="checkbox"/>			
Total (Add each shareholder's share of income or loss. Total must equal line 18, page 1.)			

Schedule B: Apportionment factor for all corporations

	Total	North Dakota	Factor
Property Factor: Average value at <i>original cost</i> of real and tangible personal property used in the business. (Exclude value of construction in progress)			
1 Inventories	1 _____	_____	
2 Buildings and other fixed depreciable assets	2 _____	_____	
3 Depletable assets	3 _____	_____	
4 Land	4 _____	_____	
5 Other assets (<i>Detail</i>)	5 _____	_____	
6 Rental property (<i>Annual rental capitalized x 8</i>)	6 _____	_____	
7 Total property (<i>Add lines 1 through 6</i>)	7 _____	_____	— . — — — — —
Payroll Factor:			
8 Wages, salaries, commissions and other compensation of employees which were included in the Federal Form 1120S	8 _____	_____	— . — — — — —
Sales Factor:			
9 Gross receipts or sales, less returns and allowances (<i>Federal Form 1102S, line 1</i>)	9 _____	_____	
10 Sales delivered or shipped to North Dakota destinations.	10 _____	_____	
11 Sales shipped from North Dakota to:			
(a) The United State Government	11a _____		
(b) Purchasers in a state or foreign country where the taxpayer was not subject to a net income tax measured by net income or, if subject, did not actually pay such tax	11b _____		
12 Total sales (<i>Add lines 9 - 11</i>)	12 _____	_____	— . — — — — —
13 Sum of Factors (<i>Add lines 7, 8 and 12</i>)			13 — . — — — — —
14 Divide line 13 by the number of factors having an amount greater than zero in column 1, on lines 7, 8 and 12			14 — . — — — — —

(North Dakota Column
divided by
Total Column = Factor)

General instructions

Who must file

Generally, a corporation which does business in North Dakota and elects to file in accordance with subchapter S of the Internal Revenue Code of 1986, as amended, shall file as a small business corporation for North Dakota income tax purposes, and file North Dakota Form 60.

However, the federal subchapter S corporation status is not recognized for North Dakota tax purposes if the corporation meets the definition of a financial institution as outlined in N.D.C.C. ch. 57-35.3. In this case, the corporation must file North Dakota Financial Institution Tax Return, Form 35.

For taxable years beginning after December 31, 1986, income of a subchapter S corporation subject to tax for federal income tax purposes is also subject to North Dakota income tax at the corporation income tax rates. This change has been reflected on page one of this form. Do **not** file a North Dakota Form 40 for this purpose.

Every subchapter S corporation must notify all of its shareholders, both residents and nonresidents, that they are required by law to file a North Dakota individual or corporation income tax return and report all taxable income earned from North Dakota regardless of whether or not any tax is due.

All items such as capital gains and losses, Section 1231 gains and losses, tax-exempt interest and foreign tax credit which pass through directly to the shareholders from the small business corporation must be reported by the shareholder on the North Dakota Individual Income Tax Return, Form 37 or Form 37-S.

Where to file or obtain additional forms and instructions

Completed returns and written requests for information and forms should be mailed to the Office of State Tax Commissioner, State Capitol, 600 E. Boulevard Ave., Bismarck, ND 58505-0599.

Forms and instructions may also be obtained by calling 701-328-3450.

For the speech or hearing impaired, call Relay North Dakota at 1-800-366-6888 and ask for 1-800-638-2901.

Obtain North Dakota tax forms, send messages, and find other information on the Office of State Tax Commissioner's home page. The address is <http://www.state.nd.us/taxdpt>.

Time for filing

A calendar year corporation filing Form 60 must file on or before April 15 following the close of the calendar year.

A corporation reporting on a fiscal year basis must file on or before the 15th day of the fourth month following the close of the fiscal year.

A cooperative must file on or before the 15th day of the ninth month following the close of the calendar or fiscal year.

Extension of time for filing

An extension of time within which to file a federal return is automatically accepted by North Dakota as an extension of time to file the state return. The extended time period for the North Dakota return is the same as the extended time period for the federal return. A copy of the federal extension Form 7004 must be attached to the state return when it is filed. If a copy of the federal extension is not attached, the return will be processed as a delinquent return.

A state extension to file may be obtained, even if a federal extension has not been requested, provided a written request is made to the Office of State Tax Commissioner prior to the due date of the North Dakota return.

Payment of tax

If tax due (*including interest and penalty*) is less than \$5.00, payment need not be made. If tax is due, the total payment due must be paid when the return is filed.

Payment should be made by check or money order to the North Dakota State Tax Commissioner.

Method of corporate taxation

The North Dakota corporation income tax applies only to that portion of the corporation's total net income that is derived from or attributable to sources within this state.

A corporation whose activity is conducted both within and without North Dakota is an apportioning corporation and must compute its North Dakota taxable income by adjusting its federal taxable income by North Dakota statutory adjustments and apportioning this adjusted taxable income using Schedule B of this return.

Federal audit changes

Any taxpayer shall report any change or correction of federal taxable income or income tax liability made by the Commissioner of Internal Revenue or other office of the United States or competent authority, or a renegotiation of any contract or subcontract with the United States.

Federal audit changes should be reported by filing an amended state income tax return, or other information as required by the Tax Commissioner, within ninety days after the final determination.

Composite return

A composite filing method is allowed as an alternative method of filing for nonresident individuals who are shareholders in a subchapter S corporation operating in North Dakota. Under this method, one individual income tax return, referred to as a "composite return," may be filed by two or more of the shareholders. For more information, contact the Office of State Tax Commissioner.

Amended return

An amended North Dakota Small Business Corporation Income Tax Return, Form 60, must be filed if:

- An amended federal tax return is filed;
- North Dakota adjusted income or North Dakota taxable income is changed as a result of a federal audit;
- North Dakota taxable income is changed as a result of a North Dakota net operating loss carryback;
- An error is discovered on a previously filed return.

A Form 60 for the year being amended must be obtained from the Office of State Tax Commissioner.

The Office of State Tax Commissioner will notify the taxpayer of any penalty and interest owed on tax due and any interest accrued on a refund.

Information at the source

Any corporation doing business in North Dakota which is required to file a Federal Form W-2 or 1099 must also file one with this state. For more information on the requirements and alternatives for satisfying those requirements, contact the Office of State Tax Commissioner.

Important: A complete copy of the federal return must be attached

Specific line instructions

Lines 1 Through 18

Line 3

Enter the amount of other deductions from Federal Form 1120S, Schedule K, line 10, that is not allowed as an itemized deduction on the shareholder's federal income tax return. Charitable contributions (*Schedule K, line 7*) and deductions related to portfolio income (*Schedule K, line 9*) from Federal Form 1120S, are not allowed as deductions on this line.

Line 6

Small Business Corporation income is computed under the Internal Revenue Code as of

December 31, 1986, with certain limitations for depreciation and safe harbor leases. Section 168(f)(8) of the Internal Revenue Code of 1986, as amended, was not adopted in North Dakota in those instances where the minimum investment by the lessor is less than one hundred percent (100%). Enter amounts on line 6, as follows:

- Seller/Lessee: sale proceeds, rent expense, amortization expense, lease acquisition cost.
- Buyer/Lessor: interest expense, depreciation expense, amortization expense, acquisition cost, loss on sale of property.

North Dakota income tax statutes did not allow for the use of ACRS depreciation on assets placed in service between January 1, 1981, and the end of the 1982 taxable year. These assets must be depreciated using methods allowed under the Internal Revenue Code provisions in effect as of December 31, 1980. Federal taxable income must be adjusted for the difference in these two methods. On this line, enter the amount of ACRS depreciation deducted on the federal return for these assets for the current taxable year.

(Continued on Reverse side)

Specific line instructions (continued)

In computing the depreciation adjustment, exclude safe harbor lease assets.

Include depreciation on all currently held assets which were placed in service between January 1, 1981, and the end of the 1982 taxable year, **not** just such assets which are located within North Dakota.

Line 9

Dividends received by a corporation are not taxable in North Dakota if the dividends are received from a corporation which has paid North Dakota corporation income tax pursuant to N.D.C.C. ch. 57-38, or from a financial institution which has paid tax pursuant to N.D.C.C. ch. 57-35.3.

If the payor corporation is a nonapportioning corporation, i.e. its entire federal taxable income was subjected to North Dakota taxation, the full amount of the dividends may be subtracted on this line.

If the payor corporation is an apportioning corporation, the deduction is computed by multiplying the dividends received by the payor corporation's North Dakota apportionment factor. (*Do not include dividends received from the North Dakota Small Investment Company, a North Dakota Limited Partnership.*)

Line 11

Enter on line 11 all nonbusiness income net of related expenses.

The method used to attribute expenses to nonbusiness income must fairly distribute all of the corporation's deductions to all of its various types of income.

If an entry is made on this line, all of the following must be attached to Form 60:

- A worksheet showing each type of income or loss item allocated and its amount;
- Documentation showing the state to which the item of income or loss was allocated (*a copy of the other state's tax return is preferred*); and
- A narrative explaining the reasons for allocating each item of income or loss.

Line 12

Small Business Corporation income is computed under the Internal Revenue Code as of December 31, 1986, with certain limitations for depreciation and safe harbor leases.

Section 168(f)(8) of the Internal Revenue Code of 1986, as amended, was not adopted in North Dakota in those instances where the minimum investment by the lessor is less than one hundred percent (100%). Enter amounts on line 12, as follows:

- Seller/Lessee: interest income and depreciation expense [*for assets placed in service between January 1, 1981 and the end of the 1982 taxable year, use methods allowed under the Internal Revenue Code as of December 30, 1980; for assets placed in service after the 1982 taxable year use ACRS depreciation*].

- Buyer/Lessor: rental income.

On this line, also enter the amount of depreciation computed for the current taxable year on assets placed in service between January 1, 1981 and the end of the 1982 taxable year, using methods allowable as of December 31, 1980. (*See instructions for line 6 for further explanation*).

In computing this adjustment, exclude safe harbor lease assets.

Include depreciation on all currently held assets which were placed in service between January 1, 1981 and the end of the 1982 taxable year, **not** just such assets which are located within North Dakota.

If the corporation was granted an income exemption under N.D.C.C. chs. 40-57.1 or 40-63, do not enter the exempt portion of the corporation's income on this line. In general, the shareholders may be able to claim their respective shares of the exempt amount on their tax returns.

Line 17

Nonbusiness income is allocated to this state if the income is attributable to North Dakota.

Expenses should be attributed to this income in a manner which will fairly distribute all of the corporation's deductions to various types of income.

Subtract expenses from nonbusiness income allocated to North Dakota and enter the difference on this line.

Lines 19 Through 31

These lines must be completed only if the income of a subchapter S corporation is subject to tax for federal income tax purposes. This income is also subject to state income tax at the corporation income tax rates imposed by N.D.C.C. § 57-38-30.

Line 19

Enter amount of federal excess net passive income upon which federal tax was computed.

Line 20

From Federal Form 1120S, Schedule D, enter the amount of certain capital gains which are included in federal taxable income.

Line 23

Enter the amount of the federal tax liability from Federal Form 1120S, line 22c less any tax liability related to LIFO recapture tax or interest due under the look-back method for completed long-term contracts.

Line 27

If a corporation has always been a subchapter S corporation, the North Dakota net operating loss deduction does **not** apply.

Only a prior C corporation net operating loss for activities within North Dakota, or activities apportioned to North Dakota, is allowed as a carryforward on the North Dakota Form 60.

A subchapter S corporation, which was previously a C corporation before January 1, 1987, may carry forward its former North Dakota C corporation net operating loss against the after-tax North Dakota apportioned share of the federal built-in gain. This loss is the amount of the accumulated C corporation North Dakota net operating loss, less any previously deducted loss carryback or carryforward.

Use the following worksheet to compute the amount to be entered on line 27. **Attach a copy of this worksheet to the North Dakota Form 60 when filed.**

1	Certain built-in gains (Federal Form 1120S, Schedule D)	_____
2	Federal tax deduction (Federal Form 1120S, page 1, line 22c)	_____
3	Balance (Subtract line 2 from line 1)	_____
4	North Dakota apportionment factor (North Dakota Form 60, page 1, line 15)	_____
5	Limitation on North Dakota net operating loss (Multiply line 3 by line 4)	_____
6	N.D. C corporation net operating loss (accumulated N.D. net operating loss less any previously deduct- ed loss carryback or carryforward)	_____
7	Enter the Smaller of line 5 or line 6 here, and on page 1, line 27 ...	_____

Line 30

The Office of State Tax Commissioner will notify the corporation of any penalty or interest owed by a taxpayer and compute the interest on a refund.

If desired, penalty and interest owed may be computed by the taxpayer. Enter any penalty and interest on page 1, line 30.

The current provisions for penalty are:

- Late payments are subject to a penalty of 5% of the tax or \$5.00, whichever is greater;
- Delinquent returns are subject to a penalty of 5% of the tax or \$5.00, whichever is greater, for the first month the return is delinquent (*counting each fraction of a month as an entire month*), with an additional 5% for each additional month or fraction thereof during which such delinquency continues, not to exceed 25% in the aggregate.

The current provisions for interest are:

- On extensions to file returns, 12% per annum;
- On additional tax due, 1% per month or fraction of a month, excepting the month in which the tax became due.